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REPLY COMMENTS OF THE UTILITY REFORM NETWORK REGARDING ‘SAFETY INTERVENORS’

The Utility Reform Network (“TURN”) appreciates the diverse and thoughtful views in the opening comments in response to the Solicitation for Input (“SFI”) regarding “safety intervenors”. In reply, TURN offers the following points:

The Commission should welcome participation by any entity wishing to add another perspective on safety-related issues. The Commission should always encourage a diversity of perspectives in its cases and should therefore encourage such diverse participation on issues where safety is a key consideration. As a result, proposals – such as those by the Sempra Utilities and PG&E¹ – to establish minimum qualifications for participants who wish to address safety issues should be a non-starter.

In rate cases, a party with a single-minded focus on improving safety may offer an interesting perspective, but provides limited assistance to the Commission’s decision, which needs to balance safety and cost considerations. While the idea of a “safety intervenor” in rate cases has surface appeal, a party that is focused solely on safety without considering cost impacts helps the Commission with, at best, half the analysis. To illustrate this point, consider the following issues that could be presented in rate cases: (1) Should the utility underground all electric distribution lines to reduce risks from falling lines? (2) Should the utility enclose all electric substations to avert potential terrorist threats? (3) Should the utility replace all gas pipelines older than 40 years to reduce risks of rupture or leaks? A “safety intervenor” could present an analysis showing that each of these measures would improve safety and, from that perspective, should be undertaken forthwith. But these would be enormously expensive programs, and any safety improvements would come at the expense of rates that would be unaffordable to many or most customers. As the comments of the Sempra Utilities (p. 1, Question 1) correctly recognize “safety is not a stand-alone topic.” Identifying and prioritizing safety risks is only part of the challenge in rate cases (and probably the less difficult part); the bigger challenge is optimizing the use of limited ratepayer resources to address safety risks in a cost-effective way. In thinking about safety focus in rate cases, the Commission must not lose sight of the fact that unaffordable rates that lead to increasing service disconnections pose a direct and immediate threat to the health and safety of vulnerable households.

¹ PG&E (p. 2) goes so far as to suggest requiring “10 years of utility operations experience” for any “safety intervenor.” The Sempra Utilities advocate “strictly evaluating”, i.e., imposing hurdles that would need to be overcome, for any party seeking intervenor compensation.

TURN seeks to lower utility costs in rate cases because utilities make excessive requests, not because TURN undervalues safety. Some of the commenters, e.g., CCUE, suggest that intervenors such as ORA that advocate in rate cases for lower costs than proposed by the utility ignore safety considerations. TURN will let ORA speak for itself. For TURN's part, the main reason we advocate for lower costs is because the utilities act in the interest of their shareholder to maximize profits and make excessive rate increase requests. Indeed, one of the primary reasons this Commission exists is to constrain the profit-maximizing impulses of investor-owned utilities. Presenting analysis to show that the utilities have forecast excessive expenses or proposed costly capital programs that offer little commensurate benefit to customers should not be confused with a disinterest in safety. Put another way, the Commission should not fall into the trap (set by the utilities and their supporters) of equating reducing utility costs with reducing safety. As a consumer representative, TURN has a strong interest in fostering public safety and trying to optimize the use of ratepayer funds to achieve the highest level of safety commensurate with reasonable rates.

A safety-only focus makes sense in enforcement efforts. Some of the opening comments would benefit from distinguishing between rate cases and enforcement matters. As noted, in rate cases, the Commission's decision will always require a balance of safety and cost considerations. However, in the enforcement of safety regulations, there is no such trade-off. TURN believes that much of the public's concern about safety of utility systems could be addressed by a well-funded entity that is fully independent of the utilities that is able to devote the necessary resources to thorough safety reviews and audits of the utilities and to aggressively initiate enforcement actions for noncompliance.

TURN appreciates the opportunity to submit these reply comments.

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Respectfully submitted,

By: _____/s/_____
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